UNLV Accounting Competency Exam

Exam Description and Study Guide

The exam will consist of four parts and is worth 100 points. A grade of 75 or higher is required to pass. You will have 2.5 hours to complete all four parts of the exam. Below is a description of each part so that you may narrow your focus in preparation for exam day.

**Part I: Journal Entries**

Part I comes in two subsections. Subsection 1 will present you with a fictitious company and its activities for the last month of their calendar (and fiscal) year. You will be asked to prepare the journal entries appropriate for each type of transaction. For this portion, you should know how to account for:

- Deferred Assets
- Borrowing of funds
- Purchase of assets (equipment, inventory, etc.), both in cash and on account
- Sale of company stock
- Dividends
- Deferred Revenues
- Revenues in cash and on account
- Expenses in cash and on account

Subsection 2 will address the company’s year-end adjusting journal entries (AJE). For this section you will be asked to provide the correct AJE for the situation described with the correct dollar amount. The concepts tested on include:

- Straight-line depreciation
- Accrued interest
- Adjusting deferred assets
- Accrued expenses
- Adjusting deferred revenues
- Correcting simple journal errors

**Part II: Financial Statements**

For Part II, you will be given an adjusted trial balance. From this, you will be asked to create an Income Statement, a Statement of Retained Earnings, and a Balance Sheet. There is some leeway in the details of how these statements may be presented, but they all should follow GAAP (i.e. do NOT prepare a Contribution Margin Income Statement). Items of importance are:

- Balance Sheet must balance
- Current and non-current assets/liabilities should be separated
- Retained Earnings is accounted for correctly in both the Statement of Retained Earnings and the Balance Sheet

**Part III: Managerial Accounting**

Part III will have two subsections. Subsection 1 will provide information of costs over a relevant range. Subsection 2 will provide a Contribution Margin Income Statement. In either/both of these subsections you will be asked to provide the following:
Part IV: Multiple Choice Questions

In Part IV, you will be given 15 multiple choice questions. They will cover elements from both financial and managerial accounting. In order to prepare for the multiple choice questions, you should be prepared to answer questions based on the following topics:

- Understand the fundamental \( A = L + SE \) equation
- What are assets/liabilities and how to you record them?
- Understand the concept of contra-accounts
- Know the normal balances of common accounts
- Who uses financial information?
- When do companies have to report financial information? When is their year end?
- Understand the matching principle
- Understand the revenue principle
- Understand cash dividends
- Understand which accounts are affected by an adjusting journal entry
- Understand why adjusting journal entries are made
- What is net income?
- Be able to calculate and record interest
- Be able to calculate and record straight-line depreciation
- Be able to record simple common stock and APIC transactions
- Be able to record cash dividends
- Understand fixed vs. variable costs, both per-unit and in total
- Understand product vs. period costs, both per-unit and in total
- Understand cost-volume-profit analysis
- Know how to estimate future cash flows based on projected revenues